



**Louisiana State Employees'  
Retirement System**

---

# Membership Handbook

8401 United Plaza Blvd., Baton Rouge, LA 70809  
Mailing Address: P.O. Box 44213, Baton Rouge, LA 70804-4213  
1-800-256-3000, (225) 922-0600, FAX: (225) 922-0614  
[www.lasersonline.org](http://www.lasersonline.org)

## **Mailing Address**

Louisiana State Employees' Retirement System  
P.O. Box 44213  
Baton Rouge, LA 70804-4213

## **Website**

[www.lasersonline.org](http://www.lasersonline.org)

## **Telephone Numbers**

Toll Free (800) 256-3000  
Baton Rouge Area (225) 922-0600

## **Automated Information Line**

Baton Rouge Area (225) 922-0005  
Toll Free (800) 830-0337

## **Fax Numbers**

(225) 922-0595  
Benefits

(225) 922-0864  
Membership

(225) 925-3708  
Public Information

## **Appointments**

Monday through Friday  
9:00 a.m. until 3:30 p.m.  
8401 United Plaza Blvd., First Floor  
Baton Rouge, LA  
Pages revised as indicated

This public document was published at a total cost of \$41,517, or 83 cents per copy. Fifty thousand copies of this public document were published in this first printing at a cost of \$41,517. The total cost of all printings of this document, including reprints is \$41,517. This document was published by the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, to disseminate plan benefit information to its members and to Louisiana policymakers under authority of La. R.S. 11:511 et seq. This material was printed in accordance with the standards for printing by state agencies established pursuant to La. R.S. 43:31. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

# Table of Contents

Welcome to LASERS.....	5
What is LASERS? .....	5
The LASERS Website .....	6
Membership.....	6
What is the employee contribution rate? .....	7
How can I receive a refund of my contributions? .....	7
Can I repay the contributions at a later date? .....	7
Can I purchase credit in LASERS for other service? .....	7
Can I gain credit in LASERS if I had service with another LA state retirement system? .....	8
Can I rollover funds from another qualified plan?.....	8
When can I retire?.....	8
Regular Members .....	9
Correctional Officers, Security Personnel, Probation & Parole Officers of DPS&C .....	11
Wildlife Agents Employed by the Enforcement Division of La Wildlife & Fisheries Comm.....	12
Legislators, Clerk of the House of Rep., Pres. or Sec. of the Sen., Gov., Lt. Gov. & Treas.....	13
Judges and Court Officers.....	14
Bridge Police Employees for the Crescent City Connection (DOTD).....	15
What does Average Compensation mean?.....	15
What is the Initial Benefit Option (IBO)?.....	16
What is the Deferred Retirement Option Plan (DROP)?.....	16
What is the DROP “Window”? .....	16
LASERS Self-Directed Plan (SDP) .....	16
Are my survivors entitled to benefits? .....	18
What if I become disabled while in state service? .....	18
Can I get an estimate of my retirement benefits prior to retirement? .....	19
What are my retirement options? .....	19
When do I need a Spousal Consent form? .....	20
When is the earliest I can retire? .....	20

I am divorced. How does that affect my retirement? .....	21
What happens to my sick and annual leave if I retire? .....	21
Social Security Information .....	21
Retirement Process “In a Nutshell” .....	22
Can I return to work once I have retired? .....	22
General Information .....	23
Glossary - General Terms .....	25
LASERS Publication Order Form.....	28

# Welcome To LASERS

This condensed handbook provides valuable information about the benefits and services for the Louisiana State Employees' Retirement System (LASERS). It also contains information on the Deferred Retirement Option Plan (DROP) and Initial Benefit Option (IBO). LASERS mails this handbook to new members as they enroll in the system.

Please study this handbook carefully. By becoming familiar with the various aspects of your LASERS membership, you can become an informed consumer who uses your benefits wisely and plans a financially secure future for you and your family. To keep you updated concerning legislative or rule changes, new programs, and other matters, LASERS also publishes a quarterly newsletter, the LASERS BEAM.

Special subject booklets are available at no charge if you need more detailed information about LASERS membership and retirement benefits. Fill out the LASERS Booklet Order Form in the back of this handbook.

## What is LASERS?

The Louisiana State Employees' Retirement System (LASERS) was established by act of the Louisiana Legislature in 1946. The first members joined the System on July 1, 1947. The Legislature substantially rewrote and amended the retirement laws in 1972.

- Purpose: LASERS administers a qualified pension and retirement plan under section 401(a) of the Internal Revenue Code. LASERS is a trust fund created to provide retirement and other benefits for state officers and employees and their beneficiaries.
- Membership is mandatory for most state employees whose employing agencies are LASERS participants, except those exempted by state law.
- Active members: 60,444 as of 06/30/2007
- Retirees: 38,722 with approximately 2,624 in DROP as of 06/30/2007
- Governed by: Board of Trustees of 12 members (nine elected by members (actives and retirees) and three ex-officios members). The Board meetings are open to the public. They are usually held on the fourth Friday of each month at LASERS.
- Funding for LASERS comes from three sources:
  - Employee contributions
  - Employer contributions
  - Earnings from investments

## The LASERS Website

The LASERS Website contains useful, informative, and helpful information for its membership. You can try out various retirement options by using the popular Calcaulators to receive unofficial estimates for benefits or the cost to repay a refund. You can access this site at [www.lasersonline.org](http://www.lasersonline.org).

There are individual sections containing a variety of important information such as: **Online Education Program**– providing vital information about LASERS with a quiz to test your retirement knowledge; **Active Employees**– containing information on receiving members' Personal Identification Number (PIN), online forms, refunds; **Seminars (PREP)** – containing the current schedule for each of the two series (Regular PREP and PREP-TO-GO), a sample agenda, an application, and online registration information; **Publications & Reports** – offers an archive of the quarterly newsletter, LASERS BEAM, an archive of the agency liaison newsletter AgencyDigest, the agency's financial report Summary Annual Report, Fact Sheets and booklets of popular topics, and the Membership Handbook and LASERS E-mail Subscription Service; **Investments** – containing information related to asset allocation, policy, performance, managers, organization chart, glossary of terms, investment FAQs (Frequently Asked Questions), RFP's, and market links; **Related Sites** – to click on and link to other state, federal, national, and informational web sites for research, reading, and reference; **Agency Information** – providing information on the Retirement Reference Manual (RRM) and RRM Workshops, an application, online registration information, directions, Agency Liaison Memoranda; **Retired Employees** – allowing our retired members access to information pertaining to them.

The LASERS website is frequently updated to keep the membership informed with helpful and vital information.

## Membership

Membership in LASERS is mandatory for all state employees whose employing agencies are LASERS participants, except those exempted by state law.

Examples of excluded employees include:

- employees who receive a per diem allowance instead of earned compensation;
- students, interns, and resident physicians employed for temporary, part-time, or periodic work;
- independent contractors;
- certain pool nurses;
- certain temporary seasonal employees at the Department of Revenue; and
- part-time, seasonal, or temporary employees (as defined in 26 CFR 31:31221(b)(7) (2), hired after July 1, 1991, with less than 10 years of service.

## What is the employee contribution rate?

Contributions are required by each member and vary with the different classes of members. "Regular" members contribute at a rate of 7.5 percent if membership in LASERS began before July 1, 2006, and 8 percent if membership in LASERS began on or after July 1, 2006. Some other classes may contribute at different contribution rates. As the contributions are received by LASERS, you are establishing service credit towards future retirement eligibility. Employer contribution rate is 18.5 percent for the Fiscal Year 2008-2009. This rate is set annually by the Public Retirement Systems Actuarial Committee (PRSAC) of the creditable compensation paid to every employee who is a member of LASERS. Employer contributions are not credited to individual member accounts, but are deposited in LASERS' fund to help fund the benefits payable to all members and their beneficiaries.

Membership is optional for the following employees:

- elected officials;
- officials appointed by the governor and subject to confirmation by the state Senate;
- employees who are 60 years-of-age or more at the time of employment; and
- employees who are 55 years-of-age or more at the time of employment and who have credit for at least 40 quarters in the Social Security system.

LASERS members do not pay Social Security tax; however, state employees hired after April 1, 1986, pay Medicare tax.

## How can I receive a refund of my contributions?

If you are no longer a contributing member of LASERS, you may be eligible for a "refund" of your accumulated contributions. You must contact your last employer's Human Resource office to obtain the necessary form to receive the refund. Once you receive a refund of your contributions, you lose all service credit and benefits in LASERS associated with those funds.

## Can I repay the contributions at a later date?

Yes. If you return to service as an eligible LASERS member you may apply to repay the refunded contributions and reestablish the credit lost by the refund. You must contribute for 18 months after reemployment in order to be eligible to repay the funds. You must pay the contributions refunded by you plus interest at the board approved actuarial rate from the date of withdrawal until the date repaid. This will reinstate all funds, benefits and service credit lost at the time of the refund.

## Can I purchase credit in LASERS for other service?

Yes. You may purchase a maximum of five years of credit referred to as "air time" provided you have at least five years of accrued service credit. The service can be purchased at one time or in one-year increments. Any credit purchased shall be used for calculation of benefit only and shall not be used for purposes of attaining eligibility for retirement. You pay the system an amount, which on an actuarial basis totally offsets the increased liability of the system, resulting from the service credit being purchased.

If you choose to purchase "Air Time" under Act 75, you must complete Form 2-7, Application for Purchase of Service Under La. R.S. 11:429(B). The form is located on the LASERS website under "Forms."

There are several types of service that you may still purchase and receive credit for in LASERS. You may purchase credit for in-state service for which credit has not been received, certain service by Legislators, leave without pay and military service. For additional information, please refer to the LASERS Purchase of Service Credit booklet.

### **Can I gain credit in LASERS if I had service with another Louisiana state retirement system?**

Yes. If you have contributed to another Louisiana retirement system, you may be eligible to receive service credit for eligibility only in LASERS by applying for a “reciprocal recognition” of your service with the other Louisiana retirement system. At the time of retirement, you will receive benefits from both retirement systems. You may also apply to “actuarially transfer” your credit from another Louisiana retirement system to LASERS. This will allow you to receive benefits from LASERS for all service. These options are best explained in LASERS Actuarial Transfer/Reciprocal Recognition of Service booklet, or a LASERS representative.

### **Can I rollover funds from another qualified plan?**

Recent legislation has broadened the acceptability of funds from certain qualified plans or IRA’s under section 401(a) of the Internal Revenue Service Code. Form 2-13 Acceptance of Rollover of Assets (from qualified plans to LASERS), available only from LASERS, facilitates LASERS’ acceptance of these monies from the qualified plans for members choosing to purchase, repay, or transfer service credit into LASERS. A rollover is a direct transfer of funds from one financial institution to LASERS authorized by an active employee.

By delivering assets to LASERS, the member and financial institution releasing these funds acknowledge and certify that: 1) the distribution qualifies as an IRS eligible rollover from a qualified plan or entity; 2) no required minimum distributions are being rolled over; and 3) the rollover, once made, is irrevocable.

### **When can I retire?**

LASERS consists of six classes of members. They are:

- Regular Members;
- Correctional Officers, Security Personnel, Probation and Parole Officers employed by the LA Dept of Public Safety & Corrections;
- Wildlife Agents employed by the Enforcement Division of the LA Wildlife & Fisheries Commission;
- Legislators, Clerk or Sergeant-at-Arms of the House of Representatives, President or Secretary or Sergeant-at-Arms of the Senate, Governor, Lt Governor and State Treasurer;
- Judges and Court Officers; and
- Bridge Police Employees for the Crescent City Connection (DOTD).

The following briefly describes eligibility for retirement, benefits formulas, survivor and disability requirements for each class of member.

Revised 0508



# Regular Members

## Retirement and IBO Eligibility Requirements:

- 30 years of creditable service at any age
- 25 years of creditable service at age 55
- 10 years of creditable service at age 60
- 20 years of creditable service at any age (Actuarially reduced benefit); not eligible for DROP or IBO
- 10 years at age 50 with an Actuarial reduction (this option expires 12/31/08); The legislature periodically changes early retirement provisions, visit the LASERS website for updates ([www.lasersonline.org](http://www.lasersonline.org)).
- Any member hired on or after July 1, 2006, shall be eligible for retirement if he has 10 years of service credit at age 60, or thereafter (Act 75 of the 2005 Legislative Session).
- In accordance with La. R.S. 11:537(c), the acceptance of a refund of accumulated contributions automatically cancels all rights in LASERS. Therefore, any member who has earned service credit in LASERS prior to July 1, 2006, but who terminates and refunds contributions, will be subject to the provisions of Act 75 of 2005 should they return to LASERS covered employment.

## Retirement Benefit Formula

If your current membership began before July 1, 2006, your benefits will be based on the average compensation for the 36 highest consecutive months of employment with earnings times 2.5 percent times the number of years of service times the average compensation, plus \$300 annually only for members who were employed before July 1, 1986, and did not refund their contributions.

If your current membership began on or after July 1, 2006, your benefits will be based on the average compensation for the 60 highest consecutive months of employment with earnings times 2.5 percent times the number of years of service times the average compensation.

Examples:

You retire at age 55 with 25 years of creditable service and an average compensation of \$20,000:

AC x retirement accrual rate x service + \$300

= \$20,000 x 2.5% x 25 + \$300

= \$12,800 annual benefit or \$1,066.67 monthly

You retire at age 60 with 12.00 years of creditable service and an average compensation of \$12,500: (employment began in 1990)

AC x retirement accrual rate x service (\$300.00 due)

= \$12,500 x 2.5% x 12.00

= \$3,750.00 annual benefit (\$312.50 monthly)

## Deferred Retirement Option Plan (DROP) Eligibility

If your membership began before 7/1/2006, you become eligible when they reach the first of these three requirements:

- 30 years service at any age
- 25 years service at age 55
- 10 years service at age 60

**If your membership began on or after 7/1/2006, you become eligible when they reach:**

- 10 years service at age 60

### **Survivor Benefits**

In the event of your death while in active service, Survivor Benefits may be payable to your spouse and/or minor children. The eligibility for survivor benefits is determined based on the number of years of service credit you had at the time of your death. These benefits and eligibility requirements vary with the different classes of members. In the event that no survivor benefits are payable, a lump sum payment of your accumulated contributions will be paid to your named beneficiary.

### **Disability Retirement Requirements**

Should you become totally and permanently disabled from your current position, you may be entitled to Disability Benefits from LASERS. These benefits and eligibility requirements vary with the different classes of members. A State Medical Disability Board physician will review your medical records to determine eligibility for this benefit.

## Correctional Officers, Security Personnel, Probation and Parole Officers Employed By The La Dept of Public Safety & Corrections

### Retirement, DROP and IBO Eligibility Requirements:

**Primary Component** (must have at least 10 years of correctional time in a security capacity immediately prior to application for retirement):

- 10 years of creditable service at age 60-retirement option
- 20 years of creditable service at any age if hired on or prior to 08/15/86
- 20 years of creditable service at age 50 if hired after 08/15/86 (only two-third's of regular service is eligible)
- 25 years of creditable service at any age if hired after 08/15/86 as a Correctional Officer (effective 07/01/99)

**Secondary Component:**

- 25 years at any age
- 10 years at age 60 by Attorney General Opinion #03-0143 and rule adopted by LASERS

### Retirement Benefit Formula

**Primary Component:**  $2\frac{1}{2}$  percent X years of service X average compensation ((AC) average of highest 36 months of successive employment) + plus \$300 annually only for members who were employed before July 1, 1986

**Secondary Component:**  $3\frac{1}{3}$  percent X years of service (if years prior to 2002 were upgraded) X AC + plus \$300 annually only for members who were employed before July 1, 1986

### Survivor Benefits

In the event of your death while in active service, Survivor Benefits may be payable to your spouse and/or minor children. The eligibility for survivor benefits is determined based on the number of years of service credit you had at the time of your death. These benefits and eligibility requirements vary with the different classes of members. In the event that no survivor benefits are payable, a lump sum payment of your accumulated contributions will be paid to your named beneficiary.

### Disability Retirement Requirements

Should you become totally and permanently disabled from your current position, you may be entitled to Disability Benefits from LASERS. These benefits and eligibility requirements vary with the different classes of members. A State Medical Disability Board physician will review your medical records to determine eligibility for this benefit.

## Wildlife Agents Employed By the Enforcement Division of the La Wildlife & Fisheries Commission

### Eligibility Requirements (must be employed by the enforcement division for at least 10 years prior)

- 10 years of service at age 55, if hired before July 1, 2003.
- 10 years of service at age 60, if hired on or after July 1, 2003.
- 20 years of service, no age requirement, if hired before July 1, 2003.
- 25 years of service, no age requirement, if hired on or after July 1, 2003.

A member is eligible to participate in DROP, if he has 25 years of service, or 10 years at age 60, of which at least 10 years is within enforcement immediately before entering DROP. For wildlife agents who continue working following participation in DROP, the law provides computation of supplemental benefits of 3 percent of service time of the average compensation for each continued year of service before July 1, 2003, and 3-1/3 percent of average compensation for each continued year of service on or after July 1, 2003. Members can only join DROP once.

Upon retirement application, a wildlife member shall receive a monthly benefit equal to the sum of 3 percent of the average compensation for each year of service credit earned for all years before July 1, 2003, and 3-1/3 percent of his average compensation for each year of service credit earned for all years beginning on or after July 1, 2003. A member shall receive a retirement benefit for service credit resulting from conversion of leave at 3-1/3 percent of his average compensation. Member benefit cannot exceed 100 percent of average compensation.

Employee contribution rate is 8.5 percent of earned compensation for time served prior to July 1, 2003.

Employee contribution rate is 9.5 percent of earned compensation for time served on or after July 1, 2003.

### Survivor Benefits

In the event of your death while in active service, Survivor Benefits may be payable to your spouse and/or minor children. The eligibility for survivor benefits is determined based on the number of years of service credit you had at the time of your death. These benefits and eligibility requirements vary with the different classes of members. In the event that no survivor benefits are payable, a lump sum payment of your accumulated contributions will be paid to your named beneficiary.

### Disability Retirement requirements

Should you become totally and permanently disabled from your current position, you may be entitled to Disability Benefits from LASERS. These benefits and eligibility requirements vary with the different classes of members. A State Medical Disability Board physician will review your medical records to determine eligibility for this benefit.

## Legislators, Clerk of the House of Representatives, President or Secretary of the Senate, Governor, Lt Governor , State Treasurer

### Retirement, DROP and IBO Eligibility Requirements:

- 16 years of service credit as a member of the legislature, governor, lieutenant governor, or state treasurer at any age
- 20 years of total service credit; at least 12 years as a member of the legislature, Clerk or Sergeant-at-Arms of the House of Representatives, president or secretary or Sergeant-at-Arms of the Senate, governor, lieutenant governor, or state treasurer at age 50
- 12 years of service as a member of the legislature, governor, lieutenant governor, or state treasurer at age 55

### Retirement Benefits

- Benefit is calculated based on average annual earned compensation for the 36 highest consecutive months of service, including per diem, expense allowances as provided by R.S. 24:31.1 and R.S. 24:31.2 and any other expense allowances provided for the Clerk of the House and the Secretary of the Senate, and overtime pay for legislative employees
- Rate of Benefit is 2.5 percent times the number of years of creditable service times the average annual earned compensation, plus one percent for the years service in the legislature, clerk or sergeant-at-arms of the House, secretary or sergeant-at-arms of the Senate, governor, lieutenant governor.

### Employee Contribution rate:

- a. 11.5 percent of salary, expense allowances and overtime for members of the legislature, governor or lieutenant governor;
- b. 9.5 percent of salary, expense allowances, and overtime for Clerk or sergeant-at-arms of the House or secretary or sergeant-at-arms of the Senate;
- c. 7.5 percent of salary, expense allowances and overtime for the State Treasurer.

# Judges and Court Officers

## **Retirement, DROP and IBO Eligibility Requirements:**

- 10 years as Judge or court Officer at age 65
- 18 years service credit as a judge or court officer at any age
- 20 years total service credit, at least 12 years as a judge or court officer, at age 50
- 12 years service credit as a judge or court officer at age 55
- Any number of years service credit at age 70

## **Retirement Benefit Formula**

- Benefit is calculated based on the average annual earned compensation for the 36 highest consecutive months of service
- Rate of benefit is 2.5 percent times the years of service credit times the average annual earned compensation, plus an additional one percent for the year's service as a judge or court officer

## **Survivor Benefits**

In the event of your death while in active service, Survivor Benefits may be payable to your spouse and/or minor children. The eligibility for survivor benefits is determined based on the number of years of service credit you had at the time of your death. These benefits and eligibility requirements vary with the different classes of members. In the event that no survivor benefits are payable, a lump sum payment of your accumulated contributions will be paid to your named beneficiary.

## **Disability Retirement Requirements**

Should you become totally and permanently disabled from your current position, you may be entitled to Disability Benefits from LASERS. These benefits and eligibility requirements vary with the different classes of members. A State Medical Disability Board physician will review your medical records to determine eligibility for this benefit.

## Bridge Police Employees for the Crescent City Connection (DOTD)

### Retirement, DROP and IBO Eligibility Requirements:

25 years of service credit at any age with at least 10 years of service served immediately prior to application for retirement in a position with the Bridge Police section

### Retirement Benefit Formula

- Benefit is based on the average compensation for the 36 highest consecutive months of employment with earnings
- Rate of benefit is 2.5 percent times the number of years of service times the average compensation, plus \$300 annually only for members who were employed before July 1, 1986

### Survivor Benefits

In the event of your death while in active service, Survivor Benefits may be payable to your spouse and/or minor children. The eligibility for survivor benefits is determined based on the number of years of service credit you had at the time of your death. These benefits and eligibility requirements vary with the different classes of members. In the event that no survivor benefits are payable, a lump sum payment of your accumulated contributions will be paid to your named beneficiary.

### Disability Retirement

Should you become totally and permanently disabled from your current position, you may be entitled to Disability Benefits from LASERS. These benefits and eligibility requirements vary with the different classes of members. A State Medical Disability Board physician will review your medical records to determine eligibility for this benefit.

### What does Average Compensation mean?

The average compensation (A.C.), as used by LASERS, is the average earned compensation received during 36 highest months of consecutive employment, or the highest joined months of employment if service was interrupted. Average for qualified (only for those employees that were part-time employees on or before July 1, 1991) part-time service is based on full-time base pay that would have been received if employment had been full-time. If you receive a salary increase in the final 36 months of service, this salary increase will increase your A.C.

There are specific rules regarding the added annual amount of \$300 if you were hired before July 1, 1986.

- If you terminate state service, or have a break in service and took your retirement out then returned to work after July 1, 1986, you cannot add the \$300 to the formula.
- If you terminate state service, or have a break in service and took your retirement out then returned to work after July 1, 1986 and repaid your retirement, you cannot add the \$300 to the formula.
- If you terminate state service, or have a break in service and left your retirement in and returned to work before July 1, 1986, you can add the \$300 to the formula.

## What is the Initial Benefit Option (IBO)?

The Initial Benefit Option, or IBO is an option that is selected at retirement. The IBO pays up to 36 months of the maximum benefit in a lump sum, which reduces future benefits. If you choose the IBO, you are not allowed to select Option 1 as your retirement option.

The IBO is not available to DROP participants or disability retirees. It is not available to 20 year retirees (La. R.S.11:441(A)4).

## What is the Deferred Retirement Option Plan (DROP)?

The Louisiana legislature authorized the Deferred Retirement Option Plan (DROP), an optional method of retiring, in 1990. The eligibility for DROP participation was changed in the 1995 legislative session. The law applies to all members who were first eligible for regular retirement on or after January 1, 1996.

- DROP is an optional method of retiring, not an additional retirement benefit.
- A plan you participate in for one time only for a maximum of 36 months.
- You defer your retirement benefit while working and earning a salary.
- Your retirement benefit is deposited monthly at LASERS in your name.
- Interest, if owed, is paid after your DROP participation ends.
- Your retirement benefit remains in your DROP account while you keep working (not terminate employment); therefore, you are allowed to continue working after DROP participation period ends.
- DROP may not be beneficial to all members.
- DROP application forms are available from your agency Human Resources office.

## What is the DROP “window”?

Upon reaching your first eligibility requirement, your “window” for participation opens. The “window of opportunity” to participate closes 3 years and 60 days after that first eligibility date. If you fail to enter DROP within 60 days of the “window” you lose your rights to participate in DROP for the full 36 months maximum. Some members have special eligibility provisions that allow them to retire with less service credit or at a younger age than regular retirement. Those members must meet the special eligibility requirements to participate in DROP, and their “window of opportunity” opens on that eligibility date.

---

## LASERS Self-Directed Plan (SDP)

### What is the Self-Directed Plan?

LASERS established a Self-Directed Plan (SDP) which is a 401(a) retirement plan. Once the DROP accumulation period ends, 100 percent of the participants balance is transferred to a third-party provider. Participants will be able to choose from a menu of investment options in which to allocate their DROP balance.

### Who is the Third Party Provider?

Great-West Retirement Services, the administrator under contract with LASERS, provides various asset classes with different holdings, management styles, and risk factors. Members can diversify their investments in the way that they choose.



### **Can my account experience a loss in the Self-Directed Plan (SDP)?**

Yes, members should be aware that participation in the SDP may result in the risk of loss of principal or earnings and each participant agrees that neither the State of Louisiana nor the Louisiana State Employees' Retirement System (LASERS) are obligated for any loss in account funds.

### **Who must participate?**

Any LASERS member who becomes eligible for retirement on or after January 1, 2004, and enters DROP will be required to enter the Self-Directed Plan (SDP). Members entering DROP must complete the DROP accumulation period before transferring funds to the SDP. Those who became eligible prior to January 1, 2004, have an option to enter SDP or remain with LASERS.

### **Can I participate if I am currently in DROP?**

Yes. The following members will have the option to remain in the current LASERS DROP or choose the SDP. By entering the SDP they will make an irrevocable election. They will be able to transfer 100 percent of their balance to the SDP upon completion of the DROP accumulation period.

1. All persons who entered DROP prior to January 1, 2004.
2. Persons eligible for regular retirement prior to January 1, 2004, who continue to work, and later choose to enter DROP if eligible.
3. Spousal beneficiary of a DROP participant
4. Members who were eligible to retire on or before December 31, 1995, who may enter DROP at any time.

### **What are my investment option choices?**

A wide array of fixed and variable investment options is available through your plan. Each option is explained in the Great-West Retirement Services booklet and fund data sheets.

Visit the Great-West Retirement Services website, [www.LouisianaDCP.com](http://www.LouisianaDCP.com) or call KeyTalk, toll free, at (800) 701-8255. The website and KeyTalk are available to you 24 hours a day, 7 days a week.

### **What type of distributions can be made from my account?**

You can begin receiving your Self-Directed Plan benefits by contacting Great-West Retirement Services after you have reached retirement or severed employment. In the event of your death, your beneficiaries should contact Great West.

Distribution options:

1. Defer the start of payments from your account until April 1<sup>st</sup> following the calendar year in which you attain age 70 ½;
2. Receive:
  - Periodic payments;
  - Fixed annuity payments;
  - Partial lump sum with remainder paid as periodic payments or annuity payments;
  - A lump sum.
3. Roll over your account balance to an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or to an IRA.

### **Will I pay taxes on these withdrawals?**

Distributions from the SDP are exempt from Louisiana state income tax.

Ordinary federal income tax will apply to any benefit received during the calendar year. Penalties may apply for early withdrawal. Contact your Great-West Retirement Services representative for additional information.

### **What will happen to my account balance after I die?**

Your designated beneficiaries will receive the remaining value of your account, if there is a balance. Beneficiaries must contact Great-West Retirement Services upon your death.

### **How can I receive more information?**

Visit the website at [www.LouisianaDCP.com](http://www.LouisianaDCP.com) or call KeyTalk , toll free, at (800) 701-8255. The website provides information regarding the SDP, financial education information, financial calculators, and other tools to help you.

Call or visit Great-West at:  
2237 S. Acadian Thruway, Suite 702  
Baton Rouge, LA 70808  
(225) 926-8086 or toll free (800) 937-7604

### **Are my survivors entitled to benefits?**

Should you die prior to retirement, your survivors may be entitled to benefits from LASERS. In some cases benefits are payable to a surviving spouse or minor children. These benefits vary and are explained in detail in the Survivor Benefits booklet.

### **What if I become disabled while in state service?**

Should you become totally and permanently disabled while working in state government, you may be entitled to disability benefits from LASERS. These benefits are explained in the Disability Benefits booklet.

### **Can I get an estimate of my retirement benefits prior to retirement?**

LASERS strongly recommends that you request an "estimate" of your retirement benefits one year prior to retirement. These estimates are calculated using current information on file and are subject to change once final verifications are received at the time of actual retirement. At retirement, you will be required to select a "retirement option." This option selection will determine how benefits are paid at your death. You can also visit the LASERS website at [www.lasersonline.org](http://www.lasersonline.org) and use the "Calculator" for regular retirement calculations. This will not be an absolute calculation. The amount, or amounts, will only give you a "ballpark" figure to help you plan for retirement.

### **What are my retirement options?**

LASERS recommends that you allow yourself at least 90 days or a maximum of six months before you retire to complete all of your paperwork. Your Human Resource personnel will assist you with all of the paperwork as you begin the retirement process.

For all options, your contribution balance is exhausted first to pay your retirement benefit, and the benefit continues for your lifetime from your employer contributions and investments.

If you select the Maximum Plan, you receive the basic benefit, paid monthly for your lifetime. It does not pay a monthly benefit to your spouse, or other dependents. Should you die before your member contribution account is depleted, your beneficiary receives a lump sum payment of your remaining member contributions.

If you select Option I, you receive a slightly reduced lifetime monthly benefit. It pays a lump-sum of any unused portion of the retiree's accumulated contributions to the named beneficiary(ies) upon the retiree's death. You should attach the Form 4-4 Spousal Consent, if applicable. (Contributions are usually exhausted in approximately 8 to 10 years.)

If you select Option 2A, you receive a reduced monthly benefit for your lifetime. Your beneficiary receives a lifetime benefit of the same monthly amount regardless of remarriage. The benefit reduction is based on the ages of both you and your beneficiary at the time of retirement. Only one beneficiary maybe named and the beneficiary cannot be changed after retirement.

If you select Option 2B, you receive a reduced benefit. Your beneficiary receives the same amount as you for their lifetime. At the beneficiary's death, a benefit is paid to the legal guardian of any mentally handicapped child/children.

If you select Option 3, you receive a reduced monthly benefit for your lifetime. Your beneficiary, at your death, receives 50 percent of your base benefit as a lifetime monthly benefit regardless of remarriage. The benefit reduction is based on the ages of both you and your beneficiary at the time of your retirement.

If you select Option 4A, you receive 90 percent of the Maximum Plan benefit, and your spouse receives 55 percent of the Maximum Plan benefit after your death. This option is not available to disability retirements.

If you select Option 4B, you receive a reduced monthly benefit based on the ages of both you and your beneficiary at retirement. Your beneficiary receives 55 percent of the base benefit after your death regardless of remarriage.

### **When do I need a Spousal Consent Form?**

If you are married and you decide to name someone other than your spouse as beneficiary (i.e. children, grandchildren, etc.), or choose Maximum or Option 1, then your spouse must sign a Spousal Consent Form. This form may be obtained through your Human Resource personnel or through LASERS. This form must be notarized. If you are divorced, spousal approval is not required; however, you must provide a certified copy of the divorce decree. If you elect to receive a lump sum payment from a DROP, IBO, or payment for unused leave, your spouse must sign a Spousal Consent Form.

### **When is the earliest I can retire?**

Early retirement is 20 years of creditable service at any age, at an actuarial reduction of benefit. If you choose to retire under the provisions of one of the early retirements, you are ineligible for the IBO and you cannot join DROP.

Early retirement is an actuarial reduction based on the number of months you are away from retirement and your age. The closer you are to regular eligibility, the less your reduction. If you are not an active LASERS' member immediately prior to the effective date of your retirement, your reduction factor will be determined by a projection to age 60 or age 55 if you have 25 years or more.

Act 194 -- Early Retirement and Payroll Reduction Act of the 2004 Regular Legislative Session. Sunset December 31, 2006. Effective June 14, 2004, a member can retire with 10 years of service credit at 50 years of age or 20 years of service credit at any age.

Act 194 also provides for a payroll reduction by abolishing the positions that are vacated as a result of either of the early retirement choices, including the 10 year at age 50, or the 20 year at any age elections to include La. R.S.11:441A.(4). The provisions of this Act, which eliminates vacated positions, shall not be applicable to any positions of the Department of Social Services, Office of Family Support, Support Enforcement Services Division. To fill positions vacated as a result of early retirement, the agency must obtain approval through the Commissioner of Administration. Act 194 ends December 31, 2006.

A member retiring during the above-mentioned time period in Act 194 may not return to state service for two (2) years. In the event the retiree attempts to return to work prior to the two (2) year period, their membership application will be returned to the agency with a notice that they are not eligible for state employment under Act 194.

### **I am divorced. How does that affect my retirement?**

Louisiana is a community property state. Pension benefits, including DROP funds received or accumulated during marriage, are community property. You should be aware that an ex-spouse, regardless of the number of marriages or the length of the marriage, might be entitled to a portion of the retirement benefit according to that spouse's community property interest.

LASERS requires that a legally correct and acceptable Court Order be on file before any community assets are divided. If LASERS does not receive this order, the agency will not be held responsible for the accountability of community funds. Also, Louisiana does not recognize common law marriages. If this applies to you, your pension assets are considered separate property, not community property. However, in the event of your death, minor children of the union may be entitled to certain benefits.

You should contact an attorney to make sure that your interests are protected. For additional information, LASERS' Legal Division can be reached at (800) 256-3000.

### **What happens to my sick and annual leave if I retire?**

By law, your agency is required to pay you up to 300 hours of annual leave at retirement. Payment for 300 hours is based on your hourly rate at termination. For most members: You have 2 choices related to the balance of your annual and sick leave:

- convert to retirement service credit, or
- be paid a lump sum actuarially reduced payment for the leave (you must be terminated from state service for thirty days before receiving the lump sum). If not, the leave will automatically be converted to service credit.

LASERS uses the table below to convert leave into retirement credit. Unused annual and sick leave is combined and certified to LASERS by your human resource office at the time of your retirement and may be converted to retirement service credit on the following basis:

1-26 days = 0.1 year	131-156 days = 0.6 year
27-52 days = 0.2 year	157-182 days = 0.7 year
53-78 days = 0.3 year	183-208 days = 0.8 year
79-104 days = 0.4 year	209-234 days = 0.9 year
105-130 days = 0.5 year	235-260 days = 1.0 year
(8 hours of leave = 1 day)	

## **Social Security Information**

### **Who is Eligible for Medicare Coverage?**

You may be entitled to Medicare coverage if you are a State retiree who has paid Medicare tax, the spouse or former spouse of a State employee who has paid Medicare tax, a State retiree receiving a disability retirement from LASERS, or the spouse of a State disability retiree.

Contact the Social Security Administration for specific information at (800) 772-1213 or [www.socialsecurity.gov/pubs](http://www.socialsecurity.gov/pubs).

# Retirement Process “In A Nutshell”

- Request a retirement estimate one year before actual retirement (Form 5-1 Request for Retirement Benefit Estimate), or meet with a retirement analyst. Remember, the estimate projections you receive are subject to change at the time of retirement once final certifications are received.
- Meet retirement eligibility
- Begin retirement paperwork with your Human Resource personnel at least 90 days, or a maximum of six months before you retire.
- You will need to submit:
  - a copy of your birth certificate and a signed social security card
  - a copy of your beneficiary's birth certificate and a signed social security card
  - a copy of marriage license if choosing Option 4-A
  - a copy of divorce decree, if applicable
  - a Spousal Consent form, if applicable
- Select your beneficiary
- Select your retirement option based on retirement estimate for those options
- Your agency will pay you up to 300 hours of annual leave at an hourly rate at termination, so decide what you want to do with the rest of your leave: either convert leave to retirement service credit, or receive a lump sum (actuarial value) payment from LASERS
- Enjoy your retirement!

## **Can I return to work once I have retired?**

In some instances, yes. You should speak to a Member Services representative prior to returning to work after you retire. The Re-employed Retiree Fact Sheet contains more detailed information.

# General Information

## Investments

LASERS invests trust fund assets according to fiduciary standards. The Board of Trustees conducts periodic asset allocation reviews. These reviews result in a well-diversified allocation of LASERS investment funds. An independent auditor and LASERS actuary review investment results annually.

Earnings from investment assets, together with employee and employer contributions, provide the source of funds to pay LASERS benefits.

## Falsification of Records

State law penalizes anyone who attempts or assists in an attempt to defraud LASERS. Whoever knowingly makes false statements, or falsifies, or permits to be falsified any record(s), in an attempt to defraud LASERS shall be fined not more than \$500, or imprisoned not more than six months, or both (La. R.S. 11:404).

## Your Rights as a LASERS Member

As a member of the Louisiana State Employees' Retirement System, you have certain rights and protections. All members are entitled to:

1. Examine, without charge in LASERS offices, applicable retirement plan documents, such as annual reports.
2. Obtain copies of plan documents and other plan information upon written request to the Executive Director. Reasonable charges will be made for making copies.
3. Receive a copy of LASERS annual financial summary called Summary Annual Report. Receive the System's quarterly newsletter, LASERS BEAM.
4. Obtain a statement of your earliest retirement date and an estimate of your benefits. Estimates are made no earlier than one (1) year prior to retirement. Remember, the estimate projections you receive are subject to change at the time of retirement once final certifications are received. Your request must be in writing, and should include your Social Security number and your beneficiary's name, birth-date, and Social Security number. You may use the "Estimate Calculator" located on the LASERS website if you have more than one year to retirement. The website address is [www.lasersonline.org](http://www.lasersonline.org).

State and federal law imposes duties upon the Board of Trustees and staff, who are responsible for the operation of LASERS. The Board and certain staff members have a fiduciary duty to operate LASERS prudently and solely in the best interest of plan members.

No one, including your employer, may discriminate against you in any way to prevent you from obtaining retirement benefits to which you are eligible.

### **For additional information**

If you have questions about LASERS benefits, please contact your agency's human resource office. You may also call LASERS at the following numbers:

Baton Rouge area	(225) 922-0600, or
Toll free	(800) 256-3000

### **Plan Administrator is:**

Executive Director  
LASERS  
8401 United Plaza Boulevard, First Floor  
P. O. Box 44213  
Baton Rouge, LA 70804-4213  
(225) 922-0600, (800) 256-3000

### **Agent for service of legal process is:**

Executive Director  
LASERS  
8401 United Plaza Boulevard, First Floor  
P. O. Box 44213  
Baton Rouge, LA 70804-4213  
(225) 922-0600, (800) 256-3000



# Glossary - General Terms

**Actuarial transfer** — transfer of service credit from one retirement system to another. May involve additional cost to member.

**Actuarial Liability** — refers to present value of accrued benefits, which are paid on an immediate or deferred basis over life expectancy of recipient. Present value means current worth of pension benefits to be paid in future, which are discounted by interest, mortality, and eligibility. Accrued benefit means pension benefit resulting from service worked to date, or service to be purchased.

**Actuary** — actuaries calculate pension and annuity rates based on risk factors obtained from experience tables.

**Average compensation** — average earned compensation received during 36 highest months of successive employment, or the highest joined months of employment if service was interrupted. Average for qualified part-time service is based on full-time base pay that would have been received if employment had been full-time.

**Beneficiary** — at death of an active member, a person who receives balance of member's contributions if no monthly survivor benefits are payable. At death of a retiree, depending on retirement option selected, beneficiary may receive a monthly benefit payment.

**DROP account** — participants special account credited with DROP benefits during participation period.

**DROP beneficiary** — a person designated as beneficiary of amounts credited to participant's DROP account. DROP beneficiary is not required to be the same person as participant's retirement beneficiary and may be changed.

**DROP benefit** — monthly amount credited to participant's DROP account during participation. Benefit does not include unused sick and annual leave converted to retirement credit when participant ends employment.

**DROP average compensation (La. R.S. 11:231)** — computed on 36 highest successive months of earnings. LASERS uses participant's earnings at entry into Deferred Retirement Option Plan to calculate average compensation for DROP benefit. This amount does not change. If a participant works more than 36 months after DROP participation ends, LASERS will use the 36 highest successive months of earnings after DROP to calculate average compensation for a supplemental benefit.

**DROP participant** — a LASERS member who has retired under Deferred Retirement Option Plan.

**DROP participation period** — time period chosen by DROP participants from entry date into plan and continuing for up to thirty-six (36) months. During this time participants continue employment, and DROP benefit is credited to member's account. Participant's state service during this period cannot be included in calculating total service credit for retirement. For members eligible to retire after December 31, 1995, participation period cannot end later than three years and 60 days after earliest date of regular retirement eligibility.

**DROP supplemental benefit** — an amount added to DROP benefit after converting unused sick and annual leave and applying service credit earned after DROP participation period. DROP benefit plus any supplemental benefit equals total retirement benefit.

**Earned compensation** — base pay you earn as an employee, plus cash emoluments. Does not include overtime, per diem, differential pay, payment in kind, premium pay, or any other authorized expense allowance (except legislative employees).

**Emolument** — a cash compensation which is subject to federal and state income taxes, paid to an employee in addition to salary, but does not include overtime, per diem, differential pay, premium pay, or payment-in-kind.

**Fiduciary** — a relationship of trust and confidence where one person (the fiduciary) holds, or controls property for the exclusive benefit of another person.

**Final Average Compensation** -- see "Average Compensation" definition.

**Initial Benefit Option** -- the Initial Benefit Option (IBO) may be selected at retirement. This option pays retirees part of their future retirement benefit in a lump sum payment. The "initial benefit" cannot exceed an amount equal to 36 months of the maximum monthly retirement benefit. Monthly retirement benefits for both retirees and beneficiaries are actuarially reduced by amount of the initial benefit.

**Minor child** — an unmarried child under age 18 or an unmarried full-time student under age 23.

**Part-time employee** — for purposes of determining eligibility for membership in LASERS, part-time means working 20 hours or less per week.

**Reciprocal recognition of service** — service credit in a retirement system recognized by another public retirement system to determine eligibility for regular retirement, disability retirement, DROP participation and survivor benefits. There is no cost to members.

**Regular retirement** — retirement established according to state law for each class of employee:

- La. R.S. 11:441(A)(1, 2, 3, & 4) [regular members and correctional officers],
- La. R.S. 11:558 [judges and court officers],
- La. R.S. 11:582 [wildlife agents],
- La. R.S. 11:441 (F) [Crescent City Connection Bridge Police employees], and
- La. R.S. 24:36(C) [legislators].

**Retirement beneficiary** — persons named by retirees as recipients of benefits when a retirement option is selected under La. R.S. 11:446. This person is not necessarily the same as the DROP beneficiary. Once named, the retirement beneficiary cannot be changed, except for the Maximum Plan and Option I.

**Retirement benefit** — a monthly benefit that participants receive after employment ends. For DROP participants, amounts include DROP benefit plus a supplemental benefit for conversion of unused sick and annual leave to retirement credit and any service credit earned after DROP participation ends.

**Retirement status** — a term used to describe a LASERS retiree as a regular retiree, or disability retiree.

**Seasonal employee** — one who works five months or less per year.

**Sheltered contributions** — employee contributions paid into LASERS from January 1, 1984, or which have not been taxed. This may include purchase of additional service or repayment of refunds that are products of a rollover from an IRA or other qualified retirement plan, and service credit transferred from another system.

**Student** — an unmarried person under age 23 enrolled full time in a high school, vocational-technical school, college or university. Students must also attend at least 80 percent of their classes to retain survivor benefit eligibility.

**Supplemental benefit** — an adjustment that is added to the original base benefit when one of the following occurs: 1) additional service credit earned after DROP participation has ended; and 2) re-hired retiree who returned to work for 36 successive months or more.

**Survivor benefits** — a payment made to surviving spouse, minor children, and handicapped or mentally retarded children if an eligible active member dies. Eligibility requirements must first be met.

**Temporary employee** — an employee who works two years or less.

**Testamentary Trust** — a trust created or authorized through a last will and testament, but not implemented until after the death of the individual who creates and funds the trust.

**Unsheltered contributions** — employee contributions paid into LASERS before January 1, 1984, which were taxed. Could include employee contributions for purchases and service credit transfers and refund repayments if contributions were not a product of a rollover.

# Louisiana State Employees' Retirement System (LASERS)

## Publication Order Form

<b>Subject</b>	<b>Number</b>
----------------	---------------

*(NOTE: The Lagniappe Book is used only for the PREP Seminars)*

Acceptance of Rollover of Assets	_____
Actuarial Transfer/Reciprocal Recognition of Service	_____
LASERS Membership Handbook (limit 200)	_____
Corrections Benefits	_____
Disability Benefits	_____
Divorce & Your Retirement	_____
DROP	_____
Judicial Brochure	_____
Refund of Contributions	_____
Retirement/Initial Benefit Option (IBO)	_____
Survivor Benefits	_____
Unused Leave	_____
Wildlife & Fisheries Brochure	_____
Guide to Retirement (limit 200)	_____

**Total:** \_\_\_\_\_

### Mail to:

Name _____	
Mailing Address _____	
City/State/ZIP _____	
Area Code/Daytime Phone _____	
E-mail Address _____	Agency _____

All members are encouraged to complete this form to request more information on a specific subject that pertains to retirement. Please visit the LASERS website, [www.lasersonline.org](http://www.lasersonline.org), for the most current version of the publication you request.

Revised 1008